

**IN THE UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION**

<b>IN RE:</b>	§	
	§	<b>CASE NO. 21-10436-tmd</b>
<b>MARY BRENN A RYLEE,</b>	§	
	§	<b>CHAPTER 11</b>
<b>Debtor.</b>	§	<b>(SUBCHAPTER V)</b>

**DEBTOR’S MEMORANDUM OF LEGAL AUTHORITIES**  
**ADDRESSING UNRESOLVED OBJECTIONS TO THE DEBTOR’S PROPOSED**  
**SUBCHAPTER V PLAN OF REORGANIZATION**

TO THE HONORABLE TONY M. DAVIS,  
UNITED STATES BANKRUPTCY JUDGE:

Debtor Mary Brenna Rylee (the “Debtor”) files this Memorandum of Legal Authorities Addressing Unresolved Objections to the Debtor’s Proposed Subchapter V Plan of Reorganization (the “Memorandum”), and in support thereof would respectfully show the Court as follows:

**I. UNRESOLVED OBJECTIONS**

1. On October 15, 2021, GTG Solutions, Inc. (“GTG”) filed an Objection to Confirmation (Dkt. No. 103) (the “GTG Objection”).<sup>1</sup>
2. The GTG Objection is the only objection to confirmation of the Debtor’s Proposed Subchapter V Plan of Reorganization (Dkt. No. 93) (the “Plan”).
3. GTG is also the only creditor or party-in-interest who voted to reject the Debtor’s Plan. *See* Ballot Summary, Dkt. No. 111-1.

**II. ARGUMENT & AUTHORITIES**

4. GTG objects to confirmation of the Plan on the basis that it fails to comply with

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<sup>1</sup> On October 20, 2021, the Court dismissed GTG’s Objection for lack of compliance with local rules. *See* Dkt. No. 105. This Memorandum is filed out of an abundance of caution in the event GTG re-files its Objection.

11 U.S.C. §§ 1129(a)(8), (a)(7)(A)(ii), (a)(15), and (b)(2)(B).

**A. The Plan Complies with Section 1129(a)(8).**

5. Pursuant to Section 1129(a)(8), “[t]he court shall confirm a plan only if all of the following requirements are met:

...

- (8) With respect to each class of claims or interests—
  - (A) such class has accepted the plan; or
  - (B) such class is not impaired under the plan.”

11 U.S.C. § 1129(a)(8).

6. Classes 1, 2, and 3 are unimpaired under the Plan, and Classes 4 and 5 have voted to accept the Plan.

7. While GTG voted in Class 4 to reject the Plan, the Debtor has filed an Expedited Motion to Estimate Claim No. 9 Filed by GTG Solutions, Inc. for Confirmation Voting and Distribution Purposes to temporarily disallow GTG’s Proof of Claim No. 9 (“GTG’s Claim”) and estimate GTG’s Claim to be \$0.00 for purposes of voting on the Plan and receiving a distribution under the Plan. *See* Dkt. No. 109.

8. The Debtor has also filed an Objection to GTG’s Claim, which details at length why GTG’s Claim should be disallowed and is incorporated herein by reference. *See* Dkt. No. 106.

9. The Court has discretion to disallow GTG’s Claim for voting purposes “to protect the rights of legitimate creditors to determine the outcome of the plan.” *In re Coral Petroleum, Inc.*, 60 B.R. 377, 383 (Bankr. S.D. Tex. 1986).

10. When GTG’s vote is removed from Class 4, all Classes have either accepted the Plan or are not impaired under the Plan.

11. Accordingly, the Plan satisfies Section 1129(a)(8).

12. Moreover, Section 1129(a)(8) is not applicable if the Plan is confirmed as a non-consensual plan under Section 1191(b). *See* 11 U.S.C. § 1191(b).

**B. The Plan Complies with Section 1129(a)(7)(A)(ii).**

13. Pursuant to Section 1129(a)(7), “[t]he court shall confirm a plan only if all of the following requirements are met:

...

(7) With respect to each impaired class of claims or interests--

(A) each holder of a claim or interest of such class--

(i) has accepted the plan; or

(ii) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of this title on such date”

11 U.S.C. § 1129(a)(7).

14. For the reasons discussed above and detailed at length in the Debtor’s Objection to GTG’s Claim, GTG will potentially receive more under the Plan than it would in a liquidation under Chapter 7.

15. Specifically, the Debtor has contributed \$75,000, which is being matched by her non-filing spouse for a combined \$150,000, for the potential settlement of GTG’s claim against FLX Energy Services, LLC (“FLX”) in the case styled *FLX Energy Services, LLC v. GTG Solutions, Inc. v. Michael and Mary Rylee, Third Party Defendants*, Cause No. DC18-17458 in the 109th Judicial District Court of Winkler County, Texas (the “GTG Lawsuit”).

16. While the Debtor has no input or discretion in whether FLX and GTG settle the GTG Lawsuit, the Debtor would still object to GTG’s Claim if this case were converted to Chapter 7, and the \$150,000 would then not be available to settle GTG’s Claim.

17. Accordingly, the Plan complies with Section 1129(a)(7)(A)(ii).

**C. Section 1129(a)(15) is Not Applicable to the Plan.**

18. Pursuant to Section 1181(a), Section 1129(a)(15) is not applicable to cases filed under Subchapter V of Chapter 11 of the Bankruptcy Code, including this Bankruptcy Case. *See also* 11 U.S.C. § 1191(a) & (b).

19. Accordingly, the Objection should be overruled because Section 1129(a)(15) is not applicable to the Plan.

**D. Section 1129(b)(2)(B) is Not Applicable to the Plan.**

20. Pursuant to Section 1181(a), Section 1129(b) is not applicable to cases filed under Subchapter V of Chapter 11 of the Bankruptcy Code, including this Bankruptcy Case.

21. Accordingly, the Objection should be overruled because Section 1129(b)(2)(B) is not applicable to the Plan.

WHEREFORE, the Debtor respectfully requests that the Court overrule GTG's Objection to confirmation of the Debtor's Plan and grant such other and further relief as the Court may deem just and proper.

Dated: October 20, 2021

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I certify that on October 20, 2021, a copy of this document was served by electronic service on parties registered to receive notice via the Court's CM/ECF system or via United States first-class mail as listed below.

/s/ Jameson J. Watts

Jameson J. Watts

**Notice will be served via ECF to:**

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